



SONOMA COUNTY TREASURY OVERSIGHT COMMITTEE MINUTES

February 19, 2025 – 9:30 am

- Members Present: Erick Roeser, Chair (ACTTC), Lisa August, Vice Chair (Schools), Peter Bruland (CAO - alternate for Christina Rivera, CAO), Grant Davis (SCWA), Greg Medici (SCOE - alternate for Amie Carter, SCOE)
- Members Absent: Christina Rivera (CAO), Donna Dunk (Public Member), and Amie Carter (SCOE)
- Also Present: Sarah Lampenfeld (SCOE), David Maurice (ACTTC), Kathleen Parnell (ACTTC), Dana Shern (ACTTC), Kellin Gilbert (P&B) and Paul Cocking (Consultant)

1. CALL TO ORDER AND INTRODUCTIONS

Chair Erick Roeser called the meeting to order at 9:33 am and all those present introduced themselves.

2. APPROVAL OF AUGUST 12, 2024, MEETING MINUTES

A motion to approve the prior Minutes as presented was made by Greg Medici, seconded by Lisa August. Grant Davis abstained as he was not present at the prior meeting.

Ayes: 4 Noes: 0 Abstain: 1 Absent: 1

3. REVIEW & ACCEPT RESULTS OF ANNUAL EXAMINATION

Kellin Gilbert of Pisenti and Brinker presented the results of their annual examination of the Treasury Investment Pool. P&B gave an unqualified opinion. A motion to accept the examination was made by Lisa August, seconded by Peter Bruland.

Ayes: 5 Noes: 0 Abstain: 0 Absent: 1

4. PRESENTATION & REVIEW OF QUARTERLY REPORT DATED DECEMBER 31, 2024

David Maurice discussed the performance of the Investment Pool and reviewed the December 31, 2024 Quarterly Report. Following the Federal Reserve's 50 basis point interest rate cut in September 2024, the Fed cut rates 25 bps two more times during the quarter for a total of 100 bps. However, inflation has not fallen as quickly as the Fed hoped, and growth and employment have continued to be robust. The Fed indicated at its December meeting that it may pause for a time before continuing any additional interest rate cuts. Future interest rate moves will depend on the evolution of economic data as it becomes available.

Investments in the Pool increased by approximately \$260 million during the quarter, as measured by book value, primarily due to property tax receipts. The return on the Investment Pool for the

quarter was 3.979% (gross) and the amount of interest apportioned to Pool Participants was \$33.26 million, which reflected a net return of 3.934%. The net return was an increase of 12 bps from the prior quarter and interest earnings apportioned were approximately \$300,000 higher.

The Market Value of the Pool was 99.46%, slightly lower than the Market Value in September at 99.72%, which was driven by an increase in market yields after the Fed indicated that it would likely pause interest rate cuts. The weighted average maturity of investments was essentially unchanged at 716 days.

The Pool's projected net liquidity position over the next six months is expected to increase from about \$200 million to above \$300 million. The yield on the Pool is 4.02% as of December 31, 2024 (before costs).

Sonoma County Water Agency assets are \$33.8 million with a weighted average maturity of 2501 days, which reflects a different investment mix, primarily comprised of investments in Sonoma County Energy Independence Program (SCEIP) bonds.

Greg Medici asked if the County was expecting Property Tax receipts to remain relatively static, as the housing market has been cooled lately. Peter Bruland informed the Committee that the County's forecast for Budget assumes that Property Tax Assessments will likely rise around 3-3.5% in 25/26, which is near historical trends. Erick Roeser pointed out that even in the wake of the 2008 Housing Crisis, assessed property values declined initially, but recovered very quickly to pre-crisis levels. David Maurice stated that even though Property Tax receipts are the single largest source of revenue, they make up less than half of total revenues, and other sources tend to be more stable.

Grant Davis asked if there were any expected changes to the SCEIP program, given the CFPB's recent ruling. Erick Roeser explained that the CFPB issued its Final Rule on "ability to repay" which will adversely impact SCEIP. While there remains some uncertainty as to whether the current Administration could reverse any of the CFPB's actions from the prior Administration, at this point, the new underwriting requirements for PACE would take effect in March 2026 and are likely to make SCEIP unviable. However, he also noted that the costs and revenues of the SCEIP Program will be key determinant in evaluating the future path of the Program. Staff is working on an update for the Board in May.

5. FORM 700 – DISCLOSURE OF FINANCIAL INTERESTS

Erick Roeser informed members of the Committee of their obligation to file FPPC Form 700 to disclosure Financial Interests. Deadline is April 1st.

6. OTHER BUSINESS

Erick Roeser informed members of the Committee that Donna Dunk moved out of the area and indicated that she will not seek reappointment to the Committee following her term, which ends in October. As such, will reach out to the Clerk of the Board to begin the replacement process, in compliance with the Maddy Act.

Erick Roeser and Kathy Parnell advised the Committee that the County engaged Paul Cocking as

its Treasury Consultant, after conducting a RFQ process to replace Gerry Richardson, the County's former Treasury Consultant who retired last June. Paul's extensive experience in working with investment portfolios and County investment pools will be an asset to the Committee going forward.

7. FUTURE MEETING DATES

Future meetings are currently scheduled for August 18, 2025 and February 10, 2025.

8. PUBLIC COMMENT

There were no members of the public present.

9. ADJOURNMENT

The meeting was adjourned at 10:20 am.

Respectfully submitted,

David Maurice, Investment & Debt Officer